



United States Department of Agriculture  
Food and Nutrition Service

Southeast Region

Reply to

Attn. of: SERO Policy

July 15, 2004

**Subject:** CACFP Policy Memorandum 226.18-06: Provider Agreements in the Child and Adult Care Food Program

**To:** All State Directors  
Child and Adult Care Food Program (CACFP)  
Southeast Region

The Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) provides for the use of permanent CACFP agreements between sponsoring organizations and family or group day care homes. These agreements record specific rights and responsibilities of sponsoring organizations and the family or group day care homes that participate in CACFP under their supervision.

To implement this new provision, State agencies may require sponsoring organizations to amend their current agreement or execute a new permanent agreement. Although this provision went into effect on June 30, 2004, the date of enactment, sponsors do not need to revise currently valid agreements, but must make all agreements permanent as they are updated or revised. All day care homes must have a permanent agreement in place no later than July 1, 2005.

The law further stipulates that either party to the permanent agreement may still terminate the agreement. Thus, although the agreement is permanent, it does not remove the right of the sponsoring organization to terminate a family or group day care home for cause (i.e. expired license, etc.) or convenience, nor does it remove the right of a day care home provider to change sponsors in accordance with current regulations. Should a family or group day care home be out of program compliance, the sponsoring organization would follow the serious deficiency process. Sponsoring organizations will continue to be permitted to amend the permanent agreement when there is a change in program policy or meal services. State agencies and sponsoring organizations are reminded that permanent agreements must stipulate that Program payments are conditional contingent upon the availability of Federal funds.

Please notify your sponsors immediately and ensure that this policy is implemented by July 1, 2005. If you have any questions, please contact this office.

LANNA KIRK  
Acting Regional Director  
Special Nutrition Program